

Message Text

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AMEMBASSY BUDAPEST
USMISSION GENEVA
USINT HAVANA
AMEMBASSY LONDON
AMEMBASSY PARIS
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AMEMBASSY SOFIA
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
USMISSION USBERLIN
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TAGS:BTRA, EEWT, COMECON, UR, US
SUBJECT:INTERNATIONAL CHAMBER OF COMMERCE MEETING,
MOSCOW

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SUMMARY; INTERNATIONAL CHAMBER OF COMMERCE (ICC)
DELEGATION HEADED BY ITS PRESIDENT IAN MACGREGOR AND
INCLUDING SOME PROMINENT WESTERN BUSINESS LEADERS MET
IN MOSCOW JUNE 26-28 WITH SOVIET DELEGATION LED BY SOVIET
CHAMBER OF COMMERCE CHAIRMAN BORISOV. FORMER ASSISTANT
SECRETARY OF STATE WILLIS ARMSTRONG DESCRIBED SESSION AS
USEFUL, PARTICULARLY GVISHIANI'S REMARKS ON TECHNOLOGY

TRANSFER AND A GIVE-AND-TAKE DISCUSSION ON COMPENSATION PROJECTS. ICC LEADERSHIP FAVORS INCREASED ACTIVITY WITH EAST BUT WISHES TO AVOID INSTITUTIONALIZING A DIALOGUE WITH USSR ONLY. END SUMMARY.

1. A DELEGATION OF SOME FIFTY BUSINESS EXECUTIVES DRAWN FROM 15 WESTERN COUNTRIES AND HEADED BY ICC PRESIDENT IAN MACGREGOR B SA) MET IN MOSCOW, JUNE 26-28, AS GUESTS OF SOVIET CHAMBER OF COMMERCE. GUESTS INCLUDED ICC SECRETARY GENERAL CARL-HENRIK WINQWIST (SWEDEN) AND CO-CHAIRMEN ODON KALLOS (HUNGARY) AND HANS RUDOLPH FREIHERR VON SCHROEDER (FRG), OF ICC LIAISON COMMITTEE WITH CHAMBERS OF COMMERCE OF THE "SOCIALIST" COUNTRIES. ALTHOUGH DELEGATION OF BUSINESS LEADERS WAS NOT AS IMPRESSIVE AS BOTH ICC AND SOVIETS HAD HOPED, IT INCLUDED FORMER AMBASSADORS TO THE USSR GUNNAR JARRING (SWEDEN) AND FRANK ROBERTS (UK), AS WELL AS JEAN REY AND RATHER STRONG ITALIAN GROUP OF AGNELLI (FIAT), ORLANDO (GIM AND SIM) AND PIRELLI.

2. MEETING BEGAN WITH ON-THE-RECORD SPEECH BY MINISTER OF FOREIGN TRADE PATOLICHEV, WHO THEN HURRIED OFF TO BUCHAREST TO ATTEND CEMA SESSION. PATOLICHEV, WHOSE REMARKS WERE SUMMARIZED IN ECOTASS JUNE 27, SAID THOSE COUNTRIES WHICH HAD "EMBARKED ON ROAD OF DETENTE" (HE NAMED FINLAND, FRANCE, ITALY, THE FRG, JAPAN AND SWEDEN) HAD GREATLY EXPANDED TRADE WITH USSR. HE CRITICIZED US FOR TRADE RESTRICTIONS, ADDING THAT SSRXI
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USSR IS ALSO CONCERNED ABOUT "STEPPED UP ACTIVITY IN A NUMBER OF WESTERN COUNTRIES OF OPPONENTS OF DETENTE, STRIVING TO PREVENT A WIDENING OF ECONOMIC RELATIONS WITH THE USSR." PATOLICHEV PREDICTABLY LAUDED COMPENSATION DEALS, STATING THAT SSR HAS ALREADY SIGNED 60 SUCH AGREEMENTS, AND URGED SIGNING OF LONG-TERM INTERGOVERNMENTAL ECONOMIC AGREEMENTS SUCH AS THOSE WITH FINLAND, FRANCE AND FRG.

3. IN SUMMARY CONVERSATION JUNE 28 WITH AMBASSADOR, FORMER ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS WILLIS ARMSTRONG AND FORMER DEPUTY UNDER SECRETARY OF STATE FOR ADMINISTRATION CHARLES E. SALTZMAN (GOLDMAN, SACHS & CO.) SAID THAT SESSION HAD GONE WELL, WITH SOVIETS MORE FORTHCOMING TOWARDS END OF SESSION THAN AT OUTSET. ARMSTRONG WAS PARTICULARLY COMMENDATORY OF PRESENTATION BY STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY DEPUTY CHAIRMAN GVISHIANI ON TECHNOLOGY TRANSFER. SALTZMAN ADDED THAT GVISHIANI HAD MADE GOOD SENSE, ANSWERING CRITICS IN A CONSTRUCTIVE, NON-EMOTIONAL FASHION.

4. ARMSTRONG ALSO TOLD AMBASSADOR THERE HAD BEEN

INTERESTING DISCUSSION OF COMPENSATION DEALS, WITH A SWISS REPRESENTATIVE VIGOROUSLY CRITICAL. BY WAY OF CONTRAST, JAPANESE SPOKESMAN HAD APPLAUDED COMPENSATION PROJECTS. HOWEVER, MACGREGOR HAD TEASED SOVIETS BY SAYING SUCH DEALS WOULD NORMALLY BE EXPECTED FROM LDC'S BUT NOT FROM A "RICH" COUNTRY LIKE USSR, AND A PORTUGUESE ASKED SOVIETS TO OFFER SAME COMPENSATION TERMS TO THEM AS THEY SOUGHT FROM WEST.

5. THERE WAS CONSIDERABLE ARGUMENT OVER COMMUNIQUE, WITH SWEDISH SECRETARY GENERAL WILLING TO ACCEPT SOVIET POSITION MENTIONING "DETENTE", WHERE ARMSTRONG PERSUADED

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MACGREGOR TO INSIST ON EXCLUSION OF ONE-SIDED REFERENCE, PARTICULARLY IN LIGHT OF PATOLICHEV REMARKS (ABOVE). COMMUNIQUE LANGUAGE WAS STILL IN DOUBT WHEN LAST WE HEARD, AND WE HAVE SEEN NOTHING IN SOVIET PRESS, WHOSE

COVERAGE OF SESSION WAS LARGELY CONFINED TO
PATOLICHEV SPEECH.

6. ARMSTRONG SAID THAT FOLLOW-ON ACTION WAS DISCUSSED BY
ICC GROUP, INCLUDING KALLOS, THE HUNGARIAN REPRESENTING
THE EAST BLOC IN THE LIAISON COMMITTEE. IT WAS AGREED
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THAT PURPOSE WAS TO STRENGTHEN ICC TIES WITH EAST
EUROPEANS, NOT JUST WITH USSR. THE LIAISON COMMITTEE
WAS CHARGED WITH FOLLOW-ON ACTION IN THE AREAS OF ENERGY
AND DHE ENVIRONMENT. WHILE THERE WAS NO BASIS FOR
ANOTHER SUCH MEETING WITH THE USSR, THERE WOULD BE A
MEETING OF A SUB-GROUP IN ORLANDO, FLORIDA, DEVOTED TO
ENERGY (IT WAS NOT CLEAR WHETHER THIS WAS TO BE THE
EXCLUSIVE SUBJECT OF THE MEETING). THE LIAISON COMMITTEE
WILL MEET AGAIN IN PARIS IN NOVEMBER. ARMSTRONG, WHO
TOOK PART IN RECENT VIENNA MEETING ON E/W TRADE, SAID THAT
THE ICC CONTINUES TO GIVE THOUGHT AS TO HOW TO HEAD OFF
A "VIENNA II" INSTITUTION AS FAVORED BY HAROLD SCOTT.
ANOTHER MEETING IS SCHEDULED FOR VIENNA NEXT MARCH. HE
THOUGHT THAT A ROLE MIGHT BE FOUND FOR SCOTT WITHIN THE
ICC.

7. MACGREGOR, ARMSTRONG AND OTHERS RAISED CRAWFORD CASE
IN PRIVATE DISCUSSIONS WITH SOVIET HOSTS (SEPTTEL).

8. COMMENT: WE ARE STILL SOMEWHAT PUZZLED ABOUT SOVIETS
OBJECTIVES IN INVITING ICC TO SEND REPRESENTATIVES
HERE, EXCEPT THAT IT WAS ANOTHER EFFORT TO BROADEN
INFLUENCE WITH WESTERN BUSINESS LEADERS. FOR
THE MOST PART THE TOP BUSINESS FIGURES STAYED AWAY. THE
FRENCH DELEGATION WAS WEAK, AND OTTO WOLFF VON AMERONGEN
BACKED OUT AT THE LAST MINUTE FROM THE SMALL GERMAN GROUP.
MOST BIG NAMES STAYED AWAY. NOR COULD THE SOVIETS
APPARENTLY DERIVE MUCH PROPAGANDA SUCCESS FROM THE
SESSIONS THEMSELVES, WHERE THEIR HIGHLY FAVORED
COMPENSATION PROJECTS WERE SUBJECTED TO CRITICISM. EVEN
THE COMNIQUE WAS NO BARGAIN FOR THEM, DESPITE THE
CQUIESCENT STAND OF WINQWIST, ONCE THEY FOUND THEMSELVES
UP AGAINST A SEASONED NEGOTIATOR LIKE ARMSTRONG.
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(ARMSTRONG ALSO PRAISED MACGREGOR IN THIS RESPECT.)

9. ONE PROBLEM PERHAPS IS THAT PERMANENT OFFICIAL OF ICC

IS THE SWEDE, WINQWIST, WHO SEEMS RATHER INCLINED TO BE
AMENABLE TO SOVIET PERSUASION. SINCE THE ICC WANTS ITS
LIAISON COMMITTEE TO PREEMPT THE FIELD FROM A NEW
VIENNA II TYPE ORGANIZATION, IT QUITE PROBABLY WILL BE
OBLIGED TO INCREASE ITS OWN ACTIVITY, AND THE ROLE OF THE
PERMANENT OFFICIAL COULD GROW IN THE PROCESS. TOON

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